

RETIREMENT COMMITTEE MEETING

January 23, 2014

The City of Fairfax Retirement Plan Administrative Committee convened at 8:47 am in Room 111A at city hall. Members in attendance were: Dave Hodgkins, Chairman and Assistant City Manager/Finance Director, Bob Sisson, City Manager, Eleanor Schmidt, Councilmember, Kevin Linehan, General Employee Primary Representative, Jennie Tripoli, General Employee Alternate Representative, Mitch Johnson, Public Safety Primary Representative, Jeff Cawley, Retiree Representative, Dwayne Harman, Retiree Alternate Representative, Jamil Ahmed, Citizen Representative. Absent were: Craig Evans.

The meeting began with Keith Stronkowsky from New England Pension Consultants (NEPC) who presented the performance update for December 2013. Mr. Stronkowsky then reviewed the recommended Asset Allocation for 2014. After much discussion Jeff Cawley motioned that the committee accept NEPC's proposed target recommendations listed on page 35 of the document called 2014 Asset Allocation Report. The motion was seconded by Eleanor Schmidt and approved unanimously.

Jennie Tripoli motioned to leave fund manager The Boston Company and have that money put into an index run by State Street which will also save on fees. The motion was seconded by Dave Hodgkins and approved unanimously.

NEPC will bring books of potential fund managers to the next meeting for the committee to review.

Jamil Ahmed motioned to approve the minutes of the December 10, 2013 meeting which was seconded by Eleanor Schmidt and approved unanimously with the exception of Jeff Cawley who abstained.

Bob Sisson motioned to approve the retirements of Donna Mullins and Robert Supinger which was seconded by Jamil Ahmed and approved unanimously. One committee member requested that the actual number of years of service for Donna Mullins be confirmed. (She worked exactly 12 years, 8 months, and was not eligible for retirement benefits before 7/1/01.)

Dave Hodgkins reviewed the contents of several documents from the city's actuary, Gabriel Roeder Smith (GRS) which outlined possible changes to the city retirement plan being recommended for future hired employees. Any recommendations accepted by the committee will be forwarded to city council for approval.

Kevin Linehan motioned to accept the recommendation that future public safety employees be eligible for unreduced normal retirement benefits after attaining age 57 with 5 years' service or with 25 years of service regardless of age; also that future general employees will be eligible for unreduced benefits after attaining age 62 with 5 years' service. The motion was seconded by Jennie Tripoli and approved unanimously with the exception of Dwayne Harman who voted no. (The committee had already discussed that the years of service in this recommendation will automatically change to 7 after the proposed vesting recommendation is approved.)

Jeff Cawley motioned that future hired part-time general employees be enrolled in a Defined Contribution Plan with the employer contributing a 5% match. The motion was seconded by Kevin Linehan and approved unanimously. (The committee decided not to consider a 3% match.)

Jennie Tripoli motioned that future hired general and public safety employees will be vested after 7 years of service (for all types of retirements – normal, deferred, disability and death-in-service). The motion was seconded by Bob Sisson and approved unanimously.

Jeff Cawley motioned that the interest credit on members contributions made after July 1, 2014 be granted at a rate of 3% which was seconded by Mitch Johnson and approved unanimously.

Bob Sisson motioned that the AFC calculation for future hired employees be changed to the 5 highest consecutive years which was seconded by Jamil Ahmed and approved by all except for Dwayne Harmon and Mitch Johnson who voted no.

Mr. Hodgkins then discussed two proposals to post-retirement benefit increases for future hired members. Proposal 3 – COLA 100% of CPI capped at 3% and Proposal 4 – COLA 80% of CPI capped at 3%.

Jamil Ahmed motioned that the committee vote on Proposal #3 instead of Proposal #4 which was seconded by Jeff Cawley and approved unanimously.

Jennie Tripoli motioned to accept Proposal 3, that future hired members will receive post-retirement benefit increases that reflect changes in the Inflation Index (CPI) since retirement, with a maximum increase of 3% in any year. The motion was seconded by Kevin Linehan and approved unanimously.

Mr. Hodgkins asked the committee if there were any other issues to discuss. There being none the meeting adjourned at 12:07 p.m.